

## Message Text

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ACTION EB-08

INFO OCT-01 ARA-14 ISO-00 CEA-01 CIAE-00 COME-00  
DODE-00 FRB-01 H-02 INR-10 INT-05 L-03 LAB-04  
NSAE-00 NSC-05 PA-02 CTME-00 AID-05 SS-15 STR-07  
ITC-01 TRSE-00 ICA-20 SP-02 SOE-02 OMB-01 DOE-15  
/124 W

-----099804 130639Z /14

R 121425Z APR 78

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 0763

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY CARACAS

AMEMBASSY TEGUCIGALPA

AMEMBASSY MEXICO

AMEMBASSY SANTO DOMINGO

AMEMBASSY SAN SALVADOR

USDA/FAS WASHDC

UNCLAS SAN JOSE 1587

E.O. 11652: N/A

TAGS: EAGR, ETRD, CS

SUBJECT: COFFEE: OTHER MILDS GROUP MEET IN SAN JOSE

1. REPRESENTATIVES OF EIGHT LATIN AMERICAN COFFEE PRODUCING COUNTRIES OF "OTHER MILDS" MET IN SAN JOSE ON APRIL 10 FOR THE PURPOSE OF DISCUSSING THE INTERNATIONAL MARKET SITUATION FOR COFFEE. THE EIGHT COUNTRIES PARTICIPATING IN THE CONFERENCE WERE COSTA RICA, DOMINICAN REPUBLIC, EL SALVADOR, GUATEMALA, HONDURAS, MEXICO, NICARAGUA AND VENEZUELA. THE AGENDA REPORTEDLY CONSISTED OF A DISCUSSION OF THREE ALTERNATIVES TO CHANGE THE COFFEE EXPORT SYSTEM. THE ALTERNATIVES WERE TO STOP COFFEE EXPORTS ALTOGETHER, FIX EXPORT QUOTAS AT A MINIMUM PRICE, AND, ALLOW UNRESTRICTED EXPORTS OF COFFEE. THE SAN JOSE MEETING CONCLUDED

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WITH THE SIGNING OF THE FOLLOWING RESOLUTION (EMBASSY TRANSLATION): "THE REPRESENTATIVES OF COSTA RICA, EL SALVADOR, GUATEMALA, HONDURAS, MEXICO, NICARAGUA, DOMINICAN REPUBLIC, AND VENEZUELA, AFTER ANALYZING THE COFFEE MARKET SITUATION, HAVE AGREED ON THE FOLLOWING: (A) TO SUPPORT ALL PARTS OF THE SAN SALVADOR AGREEMENT OF MARCH 10, 1978; (B) TO

DELEGATE THE AUTHORITY TO THE EXECUTIVE COMMITTEE FORMED AT THE SAN SALVADOR MEETING TO DECIDE THE CONDITIONS UNDER WHICH SALES WILL BE RENEWED; (C) TO NOTIFY THE EXECUTIVE DIRECTOR OF THE INTERNATIONAL COFFEE ORGANIZATION OF THE DISAGREEMENT OF THE SIGNATORY COUNTRIES OF LGIS RESOLUTION WITH THE SYSTEM USED TO CALCULATE THE DAILY INDICATOR COFFEE PRICES, ESPECIALLY THE PRICES OF THE "OTHER MILDS" WHICH DO NOT REFLECT MARKET REALITIES.

2. DELEGATIONS REPORTED IN THE PRESS WERE AS FOLLOWS:(A) EL SALVADOR, RICARDO FALLA AND CARLOS MURILLO; (B) GUATEMALA, THEODORE PLOCHARSKY; (C) HONDURAS, FERNANDO MONTES; (D) MEXICO, FAUSTO CONTU PENA; (E) NICARAGUA, IVAN ROSALES; (F) VENEZUELA, PEDRO VASQUEZ.

3. LA NACION NEWSPAPER CARRIED ON APRIL 11 REPORT OF PRODUCERS' MEETING WITH HEADLINE "COFFEE PRODUCERS AGREE TO SUPPORT FOR CLOSING OF EXPORTS." ARTICLE GOES ON TO SAY THAT THE "OTHER MILD" PRODUCERS WILL SUPPORT THE MARKET CLOSURE UNTIL THERE IS A SATISFACTORY IMPROVEMENT IN THE INTERNATIONAL MARKET PRICE. THE STORY SAYS THAT THE MARKETS WILL STAY CLOSED AS THEY HAVE BEEN SINCE THE RESOLUTION MADE IN EL SALVADOR ON MARCH 10. FAUSTO CONTU, HEAD OF THE MEXICAN DELEGATION, WAS

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NOTED AS SAYING THAT MEXICO DID NOT WANT TO RELAX ITS STANCE, BUT TO BECOME MORE FIRM NOW THAT PRICE CONDITIONS THEY HAVE BEEN WAITING FOR HAVE NOT BEEN ACHIEVED AND THAT MEXICO WILL STAY OUT OF THE MARKET UNTIL PRICES ARE ADEQUATE.

4. COMMENT: COSTA RICAN COFFEE OFFICE AND OFFICES OF EXPORT FIRMS ARE CLOSED TODAY DUE TO LOCAL HOLIDAY. EMBASSY WILL TRANSMIT ANALYSIS BY SEPTTEL.  
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## Message Attributes

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Sheryl P. Walter  
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